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REPORT OF THE  
SOUTHERN MARYLAND AGRICULTURAL COMMISSION  
TOBACCO AND OTHER CROPS



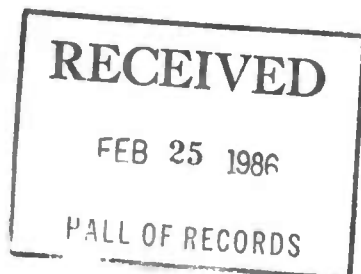
February 1986

860226

Prepared by:

The Department of Agriculture  
The Department of Economic and Community Development  
The Department of Legislative Reference  
The Tri-County Council for Southern Maryland

Annapolis & Charlotte Hall, Maryland



THE UNIVERSITY OF CHICAGO

DEPARTMENT OF THE HISTORY

OF THE UNITED STATES  
AND  
OF THE HISTORY OF THE  
CIVILIZATION OF THE  
UNITED STATES

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## **EXECUTIVE SUMMARY**

### **A. BACKGROUND**

The Southern Maryland Agricultural Commission (SMAC) was established by the Legislative Policy Committee during the 1984 legislative study interim as a result of the economic losses sustained by the tobacco farmers in Southern Maryland.

In 1984 the Commission was charged with the responsibility of:

1. Analyzing the current and future conditions in the region affecting the viability of tobacco farming; and
2. Exploring agricultural production and marketing alternatives for the farmers in the region.

The Commission was extended for the 1985 legislative interim to monitor and assist in the implementation of its 1984 recommendations.

The Commission's 1985 accomplishments are in the categories of agricultural diversification, marketing, and the promotion of tobacco.

### **B. MARKETING AND PROMOTION OF TOBACCO**

1. Since tobacco production is, and will continue to be, an important economic activity in Southern Maryland,

it is necessary to promote tobacco in both the domestic and foreign markets. The major decisions in this regard are:

- a. That in FY 1985, the Maryland Department of Agriculture (MDA) received a sum of \$83,000 from the Department of Economic and Community Development for international trade activities in agricultural products. The MDA has announced its intentions to spend the bulk of this sum of money on the promotion of tobacco in FY 1986.
- b. That a "Maryland" tobacco trade mission to Europe is being planned for the middle of February and the MDA is working closely with the Chairman of SMAC in resolving all of the details of this trade mission.
- c. That the primary purpose of this trade mission is to meet with the overseas tobacco buyers, to strengthen Maryland's ties with them, and to identify any problems that may jeopardize "Maryland" tobacco exports;
- d. That as a follow-up to the trade mission, consideration is being given to:
  - holding a reception for buyers of "Maryland" tobacco;



- launching foreign advertising programs;
- participating in world and international tobacco trade shows;
- developing a marketing slide presentation; and
- planning future trade missions.

(e) "Nesting" of tobacco is considered a major threat to the reputation of high quality "Maryland" tobacco. The Commission recommends:

- that "nesting" laws be strictly enforced;
- that warning notices against "nesting" be posted in tobacco warehouses; and
- that farmers be informed of the legal consequences of "nesting."

(f) The Commission recommends stronger enforcement of the law relative to the sale of out-of-state tobacco.

2. The Commission believes that the passage of an anti-smoking legislative package at this time would cause a setback to the Commission's work.

**C. ALTERNATIVE CROP AND LIVESTOCK ENTERPRISES FOR SOUTHERN MARYLAND**

1. The Commission observed:

- that tobacco is, and for some time will remain, a

major agricultural enterprise in Southern Maryland;

- that alternative crop and livestock enterprises are important for the future of agriculture in Southern Maryland; and
- that the decision to diversify must ultimately rest with the farmer.

2. Representative budgets are prepared for seven agricultural crops for Southern Maryland and provide an idea concerning the costs and returns of these crops.

**D. FUTURE OF SMAC**

The Commission recommends that the Tri County Council continue the Commission's work.

### COMMISSION MEMBERS

Honorable C. Bernie Fowler, Chairman (Senator)  
P.O. Box 288  
Prince Frederick, MD 20678

Honorable J. Ernest Bell, II, Vice-Chairman (Delegate)  
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Leonardtown, MD 20650

Mr. Henry Walke  
Maryland Tobacco Growers Association  
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Cheltenham, MD 20623

#### LOCAL TOBACCO GROWERS

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Mechanicsville, MD 20659

Mr. Albert Entzian (Prince George's County)  
3009 Mill Branch Place  
Mitchellville, MD 20716

Mr. Oscar Grimes (Anne Arundel County)  
3525 Birdsville Road  
Davidsonville, MD 21035

Mr. Leonard Rice (Charles County)  
Box 4  
Mt. Victoria, MD 20661

Mr. Allen R. Swann (Calvert County)  
Box 147  
Chaneyville Road  
Owings, MD 20736

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Annapolis, MD 21401

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Legislative Analyst  
Department of Legislative Reference  
Maryland General Assembly  
Annapolis, MD 21401

## COMMISSION FINDINGS AND RECOMMENDATIONS

### Marketing and Promotion of Tobacco

#### Inquiry

The Southern Maryland Agricultural Commission (SMAC) made inquiry regarding the development of its recommendation that a trade mission be established to promote "Maryland" tobacco in both the domestic and foreign markets.

#### Results

In FY 1985, the Maryland Department of Agriculture, (MDA) received a sum of \$83,000 from the Department of Economic and Community Development for the purpose of stimulating international trade activities of agricultural products.

A major portion of this sum of money will be used to sponsor a trade mission to Europe in February of 1986. The trade mission will be composed of technical as well as tobacco sales experts. The team will visit Belgium-Luxembourg, the Netherlands, Switzerland, and West Germany and will meet with approximately 25 to 30 foreign tobacco companies. The team's goals will be to:

1. Strengthen Maryland's ties with the overseas tobacco buyers;

2. Identify any problems that may jeopardize "Maryland" tobacco exports; and
3. Explore the possibility of cooperative advertising of "Maryland" tobacco in these countries.

As a follow-up to this international trade mission, consideration is given to:

1. Holding a reception for buyers of "Maryland" tobacco;
2. Launching an advertising program for the promotion and sale of "Maryland" tobacco in foreign countries;
3. Participating in the 1986 International Tobacco Trade Show;
4. Participating in the World Tobacco Trade Show in Amsterdam, Holland;
5. Developing a slide presentation on "Maryland" tobacco; and
6. Planning future trade missions to other countries.

## Tobacco Quality

### Inquiry

The Commission made inquiries concerning the illegal practice of "nesting" of tobacco as a major threat to the reputation of the high quality of "Maryland" tobacco.

"Nesting" means the practice of hiding unacceptable tobacco or foreign material within the acceptable tobacco being offered for sale. When this occurs, it becomes time consuming and expensive to sort and process the tobacco and separate the "nested" tobacco from the acceptable tobacco.

SMAC found that although Maryland law prohibits the act of "nesting," (Exhibit A, page 13), few violators have been prosecuted.

### Results

The Commission recommends:

1. That the "nesting" laws be strictly enforced by the local and state authorities;
2. That notices be posted in all tobacco warehouses in Maryland warning against this illegal practice; and



3. That farmers be informed of the legal consequences of "nesting."

### Sale of Out-of-State Tobacco

#### Inquiry

The Commission inquired into the practice of selling out-of-State tobacco in Maryland and found that this practice is prevalent in Maryland.

The law is clear that only persons found guilty of attempting to deceive a buyer by selling out-of-state tobacco as Maryland-grown are subject to the provisions under §7-418 of the Agriculture Article of the Annotated Code of Maryland, (Exhibit B, page 13). As in the case of "nesting," few persons have been convicted of this act and penalized.

#### Result

The Commission recommends a stronger enforcement of this law.

## Anti-Smoking Legislation

### Inquiry and Result

The Commission expects the introduction of a nonsmoking legislative package to the 1986 Session of the Maryland General Assembly. The Commission believes that if this legislative package becomes law before the Commission's recommendations are fully implemented, its work will suffer a setback which may cause economic disaster to the farmers and the farming community.

### SMAC Future

### Recommendation

The Commission recommends that the Tri-County Council continue the work of the Commission.

EXCERPTS  
FROM  
THE AGRICULTURE ARTICLE  
OF THE  
ANNOTATED CODE OF MARYLAND

EXHIBIT A

**§ 7-415. "Nested" tobacco.**

(a) *Definition.* — For the purpose of this section, "nested" tobacco is any lot of tobacco which is loaded, packed, or arranged, so as to conceal any foreign matter or tobacco of inferior grade, quality, or condition, including any lot of tobacco which contains damaged, tangled, or other inferior tobacco which cannot be readily detected upon inspection by virtue of the manner in which it is packed or arranged.

(b) *Sale prohibited.* — An owner of tobacco may not sell or offer for sale any tobacco which the owner intentionally has "nested" or caused to be "nested".

(c) *Report to Authority.* — Any commission selling agency which discovers or learns of any nested tobacco in any lots consigned to the agency immediately shall report the facts to the Authority which shall take legal action as the nature of the case may require. (An. Code 1957, art. 48, § 61; 1973, 1st Sp. Sess., ch. 6, § 1.)

EXHIBIT B

**§ 7-418. Sale of tobacco grown outside State as Maryland-grown tobacco.**

In addition to any other penalty provided by this article, any person convicted of selling or attempting to sell tobacco grown outside the State as Maryland-grown tobacco is subject to a fine of 10 cents per pound on the total amount sold or attempted to be sold. (An. Code 1957, art. 48, § 69; 1973, 1st Sp. Sess., ch. 6, § 1; 1974, ch. 864, § 1.)

## Alternative Crop and Livestock Enterprises for Southern Maryland

### Inquiry

The Commission made inquiry concerning their recommendations for the development of an alternative crop and livestock program in Southern Maryland.

### Results

While considering alternative farming activities, the Commission makes the following general observations:

1. Tobacco will continue to be a major cash crop in Southern Maryland, at least through the turn of the century, and will continue to provide a source of income to a large number of farm families.
2. Diversification from tobacco and to alternative farming activities will depend upon the relative profitability of these alternatives compared with tobacco.
3. Diversification into alternative crop and livestock activities in Southern Maryland will also depend upon the availability of specific resources such as labor, especially during planting, harvesting, and marketing time; the availability of water if irrigation becomes

important; suitability of the farmers' soil for the type of crop; the availability of machinery; and finances.

4. The yield and costs of the various alternatives will vary a great deal from one farmer to another depending upon the type of soil, and cultural and management practices (as well as natural factors such as weather and rainfall). Yields and costs will also vary from year to year.
5. The prices and returns for each alternative agricultural enterprise will also vary from farmer to farmer and from year to year.
6. While the Commission considers the issue of alternative crop and livestock enterprises to be of great importance for the future of agriculture in Southern Maryland, it also realizes that the decision to diversify or not to diversify must ultimately rest with the farmer. The Commission cannot and will not suggest that farmers undertake diversification without themselves considering the profitability of such ventures.
7. The Commission, however, urges State officials, as well as research and extension personnel, to make available to the Southern Maryland farmers information

regarding various appropriate farming and marketing alternatives.

8. The Commission realizes that the ultimate decision about what crops or livestock to produce, how to undertake and manage such operations, and how to market the products must be borne by the farmers and by the farming community.

## Representative Budgets

Representative cost and price data for several crops and livestock were presented to the Commission by St. Mary's County Extension agents, Daniel J. Donnelly and Edward Swecker. These data were used by the Commission staff to arrive at the partial budgets for seven horticultural crops discussed below. It may be noted that the costs and yields are believed to be representative of what may be expected in Southern Maryland.

These representative budgets show cash or "out-of-pocket" costs of planting, growing, and harvesting the crop. The dollar returns are the incomes received from sales less cash costs. It may be noted that several costs are not shown in the budgets and must be estimated for each farm individually. These hidden costs include: the costs of using machinery, land and buildings; cost of the money tied up in the farming activity until returns are received; value of "unpaid" family labor; the costs of repairs, taxes, and insurance, if any.

The average returns for these seven selected horticultural crops are shown to range from \$825 to \$4,200 per acre. Most of the higher returns are from retail operations, such as pick-your-own, roadside stand, or farmers' markets. This highlights the importance of marketing for many horticultural crops. While roadside stands, pick-your-own, and farmers' markets have grown tremendously in the past few years, the growth may be limited in the future. Hence, newer and more stable avenues of

marketing these crops must be devised. The ultimate success of any alternative crop depends upon creating a viable and successful marketing program.

The first five budgets are annual costs and returns for processing tomatoes, fresh market tomatoes, sweet corn (retail), pepper (retail) and canteloupe (retail). The representative budget for asparagus (retail) is based on a 13-year cycle, with production beginning in year 4 (at 2,000 pounds per acre) and continuing through the 13th year (at 2,600 pounds per acre). Asparagus can have a productive cycle ranging from 8 to 20 or more years. In this report, an average productive cycle of 10 years was used. Since returns and costs are over a long period of time, it was necessary to calculate returns in terms of their present (or 1986) value. A similar approach was used for strawberries, except that a productive cycle of 6 years was used and a constant yeild of 7,000 pounds per acre was assumed.

In preparing these budgets for asparagus and strawberries, it was assumed that prices and maintenance costs will increase at the rate of 5 percent per year. Since returns are expected in future years, it was necessary to estimate the present value (or 1986 value) of the stream of future returns. For both crops a discount rate of 10 percent was used to discount the returns (column 6 of Tables 6 and 7) and estimate the 1986 value of returns for each year (last column in both tables).



Finally, the average annual returns were calculated for each crop.

These seven representative budgets are shown in tables 1 through 7.

**TABLE 1**

**ESTIMATED CASH COSTS & RETURNS FOR SELECTED HORTICULTURAL CROPS :  
SOUTHERN MARYLAND**

<b>1. PROCESSING TOMATOES (Tons, Per Acre)</b>						
<b>A. High Cost</b>						
<u>Yield</u>	<u>Price</u>	<u>Income</u>	<u>Cost 1 (Acre)</u>	<u>Cost 2 (Ton)</u>	<u>Total Cost</u>	<u>RETURNS</u>
15.00	84.00	1260.00	360.00	30.00	810.00	450.00
20.00	84.00	1680.00	360.00	30.00	960.00	720.00
25.00	84.00	2100.00	360.00	30.00	1110.00	990.00
<b>B. Low Cost</b>						
15.00	84.00	1260.00	300.00	20.00	600.00	660.00
20.00	84.00	1680.00	300.00	20.00	700.00	980.00
25.00	84.00	2100.00	300.00	20.00	800.00	1300.00
<b>C. AVERAGE</b>						
20.00	84.00	1680.00	330.00	25.00	830.00	850.00

NOTES: Cost 1 = Supplies & Materials. Cost 2 = Hand Harvesting.

**TABLE 2**

<b>2. FRESH MARKET TOMATOES (Bushels, per acre)</b>						
<b>A. High Cost</b>						
<u>Yield*</u>	<u>Price</u>	<u>Income</u>	<u>Cost 1 (Acre)</u>	<u>Cost 2 (Ton)</u>	<u>Total Cost</u>	<u>RETURNS</u>
700.00	5.00	3500.00	1000.00	0.00	1000.00	2500.00
<b>B. Low Cost</b>						
700.00	5.00	3500.00	700.00	0.00	700.00	2800.00
<b>C. AVERAGE</b>						
700.00	5.00	3500.00	850.00	0.00	850.00	2650.00

NOTES : \* This is a low yield but represents what might be reasonably sold.

**TABLE 3**

**ESTIMATED CASH COSTS & RETURNS FOR SELECTED HORTICULTURAL CROPS :  
SOUTHERN MARYLAND (CONTD.)**

<b>3. SWEET CORN (Retail, dozen ears, per acre)</b>						
<b>A. High Price</b>						
<u>Yield</u>	<u>Price</u>	<u>Income</u>	<u>Cost 1 (Acre)</u>	<u>Cost 2 (Ton)</u>	<u>Total Cost</u>	<u>RETURNS</u>
600.00	1.50	900.00	175.00	0.00	175.00	725.00
800.00	1.50	1200.00	175.00	0.00	175.00	1025.00
1000.00	1.50	1500.00	175.00	0.00	175.00	1325.00
<b>B. Low Price</b>						
600.00	1.00	600.00	175.00	0.00	175.00	425.00
800.00	1.00	800.00	175.00	0.00	175.00	625.00
1000.00	1.00	1000.00	175.00	0.00	175.00	825.00
<b>C. AVERAGE</b>						
800.00	1.25	1000.00	175.00	0.00	175.00	825.00

NOTES : Cost 1 = \$150.00 to \$200.00 per acre.

**TABLE 4**

<b>4. PEPPERS (Retail, bushels, per acre)</b>						
<b>A. High Price</b>						
<u>Yield</u>	<u>Price</u>	<u>Income</u>	<u>Cost 1 (Acre)</u>	<u>Cost 2 (Ton)</u>	<u>Total Cost</u>	<u>RETURNS</u>
300.00	7.50	2250.00	700.00	0.00	700.00	1550.00
400.00	7.50	3000.00	700.00	0.00	700.00	2300.00
500.00	7.50	3750.00	700.00	0.00	700.00	3050.00
<b>B. Low Price</b>						
300.00	5.00	1500.00	700.00	0.00	700.00	800.00
400.00	5.00	2000.00	700.00	0.00	700.00	1300.00
500.00	5.00	2500.00	700.00	0.00	700.00	1800.00
<b>C. AVERAGE</b>						
400.00	6.25	2500.00	700.00	0.00	700.00	1800.00

NOTES : Cost 1 = \$600.00 to \$800.00 per acre.

"Big Bertha" has been averaging 500 bushels @ \$7.50/bu.

TABLE 5

ESTIMATED CASH COSTS & RETURNS FOR SELECTED HORTICULTURAL CROPS :  
SOUTHERN MARYLAND (CONTD.)

5. CANTELOUPE (Number, per acre)						
A. High Price						
Yield	Price	Income	Cost 1 (Acre)	Cost 2 (Ton)	Total Cost	RETURNS
4000.00	1.25	5000.00	750.00	0.00	750.00	4250.00
6000.00	1.25	7500.00	750.00	0.00	750.00	6750.00
8000.00	1.25	10000.00	750.00	0.00	750.00	9250.00
B. Low Price *						
4000.00	0.40	1600.00	750.00	0.00	750.00	850.00
6000.00	0.40	2400.00	750.00	0.00	750.00	1650.00
8000.00	0.40	3200.00	750.00	0.00	750.00	2450.00
C. AVERAGE						
6000.00	0.83	4950.00	750.00	0.00	750.00	4200.00

NOTES : Cost 1 = \$500.00 to \$1,000.00 per acre.

\* Low Price of \$0.40 is wholesale price.

TABLE 6

ESTIMATED CASH COSTS & RETURNS FOR SELECTED HORTICULTURAL CROPS :  
SOUTHERN MARYLAND (CONT'D.)

6. ASPARAGUS (pounds, per acre) 1986 Values						
Year	Yield	Price	Income	Cost	Return	1986 VALUE
*1986	0	1.00	0.00	800.00	-800.00	-800.00
1987	0	1.05	0.00	137.50	-137.50	-125.00
1988	0	1.10	0.00	144.38	-144.38	-119.32
1989	2000	1.16	2315.25	151.59	2163.66	1625.59
1990	2200	1.22	2674.11	159.17	2514.94	1717.74
1991	2400	1.28	3063.08	167.13	2895.94	1798.15
1992	2600	1.34	3484.25	175.49	3308.76	1867.71
1993	2600	1.41	3658.46	184.26	3474.20	1782.81
1994	2600	1.48	3841.38	193.48	3647.91	1701.78
1995	2600	1.55	4033.45	203.15	3830.30	1624.42
1996	2600	1.63	4235.13	213.31	4021.82	1550.59
1997	2600	1.71	4446.88	223.97	4222.91	1480.10
1998	2600	1.80	4669.23	235.17	4434.05	1412.83
<hr/>						
AVERAGE, 1986-1998	—	—	2801.63	229.89	2571.74	1193.65

NOTES: Average production cycle used = 10 years.

Costs: 1986 = establishment. Years 1987-98 = maintenance.

Discount Rate = 10%. Price Increase = 5% per year.

\* 1986 = present year.

TABLE 7

ESTIMATED CASH COSTS & RETURNS FOR SELECTED HORTICULTURAL CROPS :  
SOUTHERN MARYLAND (CONT'D.)

7. STRAWBERRIES (pounds, per acre, 1986 values)						
Year	Yield	Price	Income	Cost	Return	1986 VALUE
*1986	0	0.60	0.00	1000.00	-1000.00	-1000.00
1987	7000	0.63	4410.00	130.00	4280.00	3890.91
1988	7000	0.66	4630.50	136.50	4494.00	3714.05
1989	7000	0.69	4862.03	143.33	4718.70	3545.23
1990	7000	0.73	5105.13	150.49	4954.64	3384.08
1991	7000	0.77	5360.38	158.02	5202.37	3230.26
1992	7000	0.80	5628.40	165.92	5462.49	3083.43
<hr/>						
AVERAGE, 1986-1992	—	—	4285.21	269.18	4016.03	2835.42

NOTES: Average production cycle used = 6 years.

Costs: 1986 = establishment. Years 1987-92 = maintenance.

Discount Rate = 10%. Price Increase = 5% per year.

\* 1986 = present year.

**APPENDIX**



General Assembly of Maryland  
SOUTHERN MARYLAND AGRICULTURAL COMMISSION

Room 117  
LEGISLATIVE SERVICES BUILDING  
90 STATE CIRCLE  
ANNAPOLIS, MARYLAND 21401-1991

December 13, 1985

Honorable Wayne A. Cawley, Jr.  
Secretary of Agriculture  
50 Harry S. Truman Parkway  
Annapolis, MD 21401

Dear Secretary Cawley:

As you are aware, the Southern Maryland Agricultural Commission is a commission appointed by the Legislative Policy Committee of the Maryland General Assembly. Among its charges it is responsible for exploring the marketing of Southern Maryland tobacco in both the domestic and foreign markets.

The Commission, in its effort to help the Southern Maryland tobacco farmers, realizes that any decline in the prospects for tobacco will have a disastrous economic effect on these farmers as well as the counties they farm in. While studying the marketability of Maryland tobacco, it has come to the attention of the Commission that a noticeable amount of "nesting" of tobacco is taking place at the markets. The Commission also knows that although the "nesting" of tobacco is prohibited under Section 7-415 through 7-418 of the Agriculture Article, there have been few convictions under these provisions. Therefore, the Chairman and the members of the Commission seek your assistance in curbing this illegal practice and request:

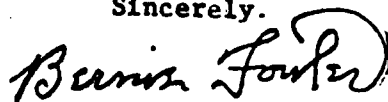
1. That your Office urge the State's Attorney in each of the Southern Maryland Counties to enforce the "nesting" provisions of the State law; and
2. That notices or signs be printed in bold type and be conspicuously posted in the warehouses where tobacco is marketed warning that "nesting" is illegal and those who violate this law will be prosecuted.

The Chairman and members of the Commission thank you for attending our last meeting and sharing your concerns with us.

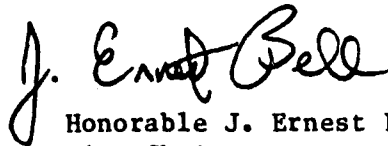
Page Two  
Hon. Wayne A. Cawley, Jr.  
December 13, 1985

Thank you for your cooperation.

Sincerely.

A handwritten signature in cursive script that reads "Bernie Fowler".

Honorable Bernie Fowler  
Chairman

A handwritten signature in cursive script that reads "J. Ernest Bell".

Honorable J. Ernest Bell, II  
Vice Chairman

BF:jrw



# Commission Looks to Trade Envoys for Tobacco Sales

By Kamil Ismail  
Staff Reporter

The Southern Maryland Agricultural Commission shot down a staff suggestion that it host a high-level reception for tobacco buyers prior to the start of the auction, but left open the possibility of smaller receptions for tobacco buyers on an individual basis.

The commission unanimously approved a different proposal to conduct one or two trade missions abroad. Both suggestions had been made with the goal of bolstering the market for Maryland tobacco.

The commission voted against the reception idea after member and warehouseman Jim Bowling noted that the buyers present on opening day of the market were mostly brokers with limited authority and flexibility in deciding how much tobacco to purchase; their budgets, he said, are largely set at higher company levels about six to eight weeks before the auction.

The staff proposal had been for-

mulated by representatives of the Maryland Departments of Economic and Community Development (DECD), Agriculture (MDA) and Legislative Reference (DLR). It called for the presence of the governor, the president of the

senate, the speaker of the house and the secretaries of the DECD and the MDA. In addition to a host of tobacco-related groups.

The proposal called for the reception to be funded by the DECD and the MDA. According to staff

members, the reception would have targeted four categories of buyers: domestic tobacco manufacturers buying directly; foreign manufacturers also buying directly; brokers who buy for resale either to

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Maryland tobacco, but in only a small percentage of the blend.

The other category of buyers, Ganguly said, increasingly look on Maryland tobacco as a substitute for burley tobacco, and tend to buy more of it when burley is in short supply. The fact that burley was in short supply in 1980 and 1981, he said, created the false impression of a high underlying demand for Maryland tobacco.

Several large domestic manufacturers fell into this category, Ganguly said, and their practice had been followed by a few foreign buyers like Egypt and Israel.

The two categories had to be handled differently, Ganguly said, and he suggested that the initial trade mission be aimed at the first set of countries. If it were successful, he said, a second could be conducted within a 12 to 18-month period.

Among the goals of the mission: contacting buyers, visiting manufacturing facilities, ascertaining needs and discussing joint efforts such as advertising campaigns aimed at identifying Maryland tobacco as a unique product.

Primarily, though, the missions are expected to boost goodwill.

Ganguly estimated that the first trip could cover four countries in ten days. The trip's cost was estimated at \$2,000 a person, with about ten people tentatively estimated as traveling.

A Simpson motion to ask the governor for \$50,000 for promotional money, primarily for the missions, passed unanimously.

domestic or foreign clients, and manufacturing companies who use Maryland tobacco in their products but buy indirectly through brokers.

When commission member Sen. James Simpson (Charles, P.G.) asked who would attend the reception, Bowling replied that it would mostly be brokers.

"I believe you're going in the right direction by looking for new customers," he said, but added that "since the brokers' budgets are set beforehand, there was no point in 'winning and dining' them on Mar. 19 (when the auction opens).

Del. Tom Rymer (Calvert, Anne Arundel) said the idea of a reception seemed a good one, but that it was somewhat of an "overkill" to have such a high delegation hosting, with the possibility that only a small number of buyers would attend.

In agreeing, Simpson suggested smaller sit-down dinners after individual contacts with tobacco company executives.

In presenting the foreign trade mission concept to the commission, DECD economist Pradeep Ganguly made a distinction between "traditional" and "non-traditional" markets for Maryland tobacco.

Traditional markets, he said, encompass those buyers who look on Maryland tobacco as a unique product, and buy it for its flavor, taste and smoking qualities.

Included in this group are Switzerland, West Germany, The Netherlands and Belgium-Luxembourg, all of which use Maryland tobacco as a substantial part of their blends, as well as a few large domestic companies which use



# New State Commitment May Aid Tobacco Industry

by Ellen Mitchell, Editor

The Southern Maryland tobacco industry may get an unexpected boost from a proposed new Office of International Trade which would help Maryland businesses arrange overseas sales or barter agreements.

One component in this proposal by Governor Harry Hughes is a financial assistance program to help Maryland agribusiness develop export markets. Other program targets include a major study of the Baltimore Port, efforts to expand overseas service at Baltimore-

Washington International Airport from key European cities and the Far East, and the establishment of a Trade Policy Council to coordinate efforts.

Information on the trade package, which will be presented to the General Assembly in January, was released last Thursday and followed, but was unrelated to, a decision to previous day by the Southern Maryland Agriculture Commission.

In its final meeting since being appointed at the end of last year's

disastrous tobacco market, commission members agreed that it is time to begin courting foreign market. The Commission is made up of legislators, farmers, and representatives of state agencies.

Acting on a motion by State Senator James Simpson (D-Charles, St. Mary's), the commission agreed to request \$50,000 from the governor to support trade missions to traditional export markets in Switzerland, West Germany, the Netherlands and Belgium.

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## Tobacco

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Luxembourg and non-traditional buyers of Maryland tobacco in Egypt, Israel and Taiwan.

According to Lou Panos, of the governor's press office, Hughes has made a "definite commitment to give Maryland a stronger position in the international market."

Maryland is 45th among states in average per-capita export value and exports only five percent of its gross state product while the national average is eight percent.

Despite opposition to tobacco for health reasons and no smoking campaigns, Panos said Hughes has always tried to prevent his own personal prejudices from affecting decisions. While the governor does not smoke and there is an on-going campaign among state employees offering prizes as incentives for those who quit smoking, Panos said Hughes has worked closely with the Department of Agriculture to keep the Maryland tobacco industry healthy.

Panos does not believe that the state's position in no smoking campaigns would affect any decision on whether or not to include the Southern Maryland tobacco industry in proposed export trade promotions.

The first of the proposed trade missions, as outlined to the commission by Pradeep Ganguly, of the Maryland Department of Economic and Community Development, would be to visit all current and prospective buyers in European countries. This visit should be made next summer or early fall, he said, visiting one city in each of the four countries and contacting all buyers and users of Maryland tobacco.

Maryland representatives would spend an average of two days in each city. U.S. embassies, consular offices, trade attaches, and agricultural attaches may be contacted in advance to coordinate the meetings, receptions, travel arrangements, local contacts, and accommodations.

The tentative budget for approximately 10 persons which would include legislators, coordinators at DECED, Maryland Department of Agriculture and Department of Legislative Reference and unnamed others would be approximately \$2,000 per person.

While state representatives said there was no way of determining the impact of such trade missions,

"above all, this must be viewed as a good-will mission," designed to contact, meet and maintain close liaison with foreign buyers, Ganguly said.

The trade mission would also address possibilities of joint advertising campaigns in foreign countries to help promote "Maryland" tobacco.

If this mission is successful, Ganguly suggested another mission to explore non-traditional and potential markets in Egypt, Israel and Taiwan.

In order for these campaigns to be successful, Ganguly said, it is "imperative that we continue to emphasize the significance of producing a quality leaf, a leaf that is unique in its characteristics and distinct from all others."

The commission rejected a plan to hold a reception for approximately 100 people at the start of each year's tobacco auction on the grounds that buyers and brokers who would be attending would have already been told how much tobacco manufacturers wanted and at what price.

They did not rule out the possibility of smaller receptions however, which could be held when chief officers of tobacco companies could be in town.

A synopsis of the commissions' activity will be submitted to the governor on Dec. 6, followed by a final report due in mid-December.

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THE WASHINGTON POST

# Md. to Promote Tobacco Abroad

By Joan McQueeney Mitric  
Special to The Washington Post

Maryland farmers and state agricultural and economic officials are planning a trade mission to Europe early next year to promote Southern Maryland's oldest crop, tobacco.

Although many European cigarettes already use blends that include Maryland tobacco, the delegation will seek to increase sales by promoting the state leaf as "the preferred, premium tobacco that smokes and tastes better," said Robert L. Walker, administrative assistant to Maryland Secretary of Agriculture Wayne A. Cawley.

They also intend to make the point that the product is easy to import because of the accessibility of Baltimore's harbor to European markets, he said.

"We want this to be a credible business marketing venture," said state Sen. Bernie Fowler, a Democrat who represents Anne Arundel, Calvert and St. Mary's counties and is chairman of the Southern Maryland Agricultural Commission.

Fowler said stiff competition from lower-priced foreign tobaccos and Italian and Brazilian strains of "imitation Maryland Type 32 tobacco"—a variety grown in Southern Maryland—has made the trade mission "imperative."

"We want to send people who are familiar with the plight of the Maryland tobacco farmer and to make sure this is not a vacation junket," he said.

The Maryland Department of Agriculture is using \$83,000 from the state Department of Economic and Community Development to fund the mission.

About a dozen representatives of the state will go, said Tri-County Council Executive Director Gary Hodge.

"It's my understanding that Maryland has never embarked on such a mission before, although it's been an frequent strategy in other tobacco-growing states like Virginia and North Carolina for years," Hodge said.

"We want to encourage our traditional customers and then look for new markets to tap into," Walker said.

While the tobacco industry has been under siege in recent decades as antismoking campaigns have gathered strength, Hodge and Fowler say Southern Maryland's 24,000 acres of tobacco fields have been particularly hard hit during the past two years by a combination of poor weather and the strong dollar abroad.

"As long as the dollar is strong, nobody can afford our product," said Oscar Grimes, a Davidsonville, Md., tobacco farmer.

The 1982 crop sold in 1983 brought \$1.80 to \$1.84 a pound, Grimes said. "The next year, the price dropped to just a \$1. Obviously, nobody was pleased with that."

Until 1982, growers in Southern Maryland once produced as much as 50 million pounds of tobacco a year, but last year only 28 million pounds were sold, said W. Terp Garrett, agricultural extension agent for Anne Arundel County.

This year's yield is expected to drop to 26 million pounds, he said.

"Essentially, the industry in Maryland has gone through a steady decline over the last two decades, despite periodic up

surges," said Anne Schanche, economic development specialist with the Tri-County Council.

Factors behind that decline include drought conditions in the field, the public's concern about the health hazards of smoking and a growing tendency of domestic cigarette manufacturers to buy and use cheaper, foreign-grown tobaccos, Schanche said.

Hodge said that in recent years Italy has developed a strain of flue-cured Maryland-type tobacco that has eroded foreign markets "because it is available for half the price. . . . If other countries can save this kind of money they will, and it becomes critical that we promote our product."

The Maryland delegation will visit Switzerland, the Netherlands, Belgium, Luxembourg and West Germany "to show the flag and firm up existing markets," Hodge said.

. . . We want them to know that our product is a unique air-cured leaf."

In Switzerland, where a "Maryland"-brand cigarette with at least 50 percent Maryland-grown tobacco is on the market, officials say the reception is likely to be a warm one.

"Switzerland is one of our best European customers. . . . We just want to remind them of the product face-to-face," Fowler said.

If the European mission brings results, Hodge said, Maryland officials will consider a summer trip to Asia to open new markets there. When a Taiwanese delegation visited the state last month to buy soybeans, delegates were briefed on Maryland tobacco from state agricultural officials.

"We found out they buy 60 percent of their tobacco from the U.S., so there is definitely the opportunity to open new markets," Hodge said.





